

CITY OF LADUE, MISSOURI

REQUEST FOR PROPOSALS INVESTMENT MANAGER SERVICES

SUBMISSION DEADLINE:
MARCH 30, 2016
2:00 PM, CST

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City of Ladue
9345 Clayton Road
Ladue, Missouri 63124

**INVESTMENT MANAGEMENT SERVICES
DEFINED BENEFIT PENSION PLAN**

I. INTRODUCTION

The City of Ladue, Missouri ("City") administers two defined pension plans ("Plans") with combined assets of approximately \$33,500,000 million. The Board of Trustees recently approved a search for a firm with expertise in managing multi-manager investment portfolios.

The City employs a total of 84 employees which are covered by the defined benefit plans, 57 Police and Fire employees are covered by the Uniform Pension Plan and 27 employees are covered by the Non-Uniform Pension Plan.

Prior to the awarding of the contract, the Joint Pension Board of Trustees, or a subcommittee thereof, plans to interview the finalists. The interviews will be one hour in length, with thirty minutes for a presentation and thirty minutes for questions. Selection of an investment manager will be based upon demonstrated ability of the professionals to provide the expertise or assistance needed.

II. SCOPE OF SERVICES

The City of Ladue is looking for a provider that can assist with the following services on behalf of two defined benefit plans established for the benefit of its employees, The City of Ladue Fireman and Policeman's Pension Plan and The City of Ladue Pension Plan for Non-Uniform Employees (together, the "Plans"):

Comprehensive Advisory & Program Design:

- Dedicated client servicing team
- Asset allocation strategy
- Investment policy statement

Investment Management Implementation & Oversight

- Manager research, selection & monitoring
- Portfolio construction and rebalancing
- Tactical asset allocation
- Investment manager evaluation

Reporting & Monitoring

Monthly reporting (online capabilities)

- Quarterly performance reporting
- Annual & quarterly investment reviews

Custody & Administration

- Custody
- Transition Management

III. MINIMUM QUALIFICATIONS

All proposals will be reviewed to determine whether or not the Respondent has met the minimum qualifications and requirements in each category as specified below. Failure to satisfy the following qualifications may result in the disqualification of the respondent's proposal:

- ☐ The firm must have a minimum of a five-year performance record of actual Manager-of-Manager fund management. Experience with defined benefit pension plans is preferred. Simulated performance will not be recognized.
- ☐ The Proposer must be directly responsible for the management of the account, and all personnel responsible for the account must be employees of the firm.
- ☐ The Proposer must carry errors and omissions coverage at the time of funding.

IV. REQUIRED PROPOSAL DOCUMENTS

Any proposal that does not provide the information requested or does not meet all of the requirements may be rejected. The Plans reserve the right to accept or reject any or all proposals or any parts thereof, and to waive any formalities in the submission of proposals if it is deemed in the best interests of the City to do so. Proposals containing false or misleading information may, at the discretion of City, be rejected.

A. Cover Letter

A cover letter should accompany the proposal and include the following: the company name and address; and the name, title or position and telephone number of the person or persons authorized to bind the organization to all commitments made in the proposal; and a brief executive summary of the proposal. The letter must be signed by the person or persons authorized to bind the respondent contractually.

B. Minimum Proposal Effective Period

The proposal must state the period for which the terms of the proposal shall remain in effect, but not less than 120 days, to allow for contract negotiations.

C. Questionnaire

Respondents must complete all sections of the Proposal Questionnaire. Responses which materially deviate from the prescribed format may be rejected. All responses to the questionnaire will be subject to verification for accuracy.

D. Other relevant items

Respondents must include Certificate(s) of Insurance showing coverage as required by the City.

V. SUBMISSION PROCEDURES

A. Deadline

THE DEADLINE FOR SUBMISSION OF RESPONSES IS 2:00 P.M. (CST) ON MARCH 30, 2016. ALL MATERIALS MUST BE RECEIVED BY 2:00 P.M. CST ON THAT DAY. THIS DEADLINE WILL BE STRICTLY ENFORCED.

B. Mailing Instructions

Twelve (12) copies of the proposal shall be submitted, indexed with each section separated by properly labeled tab dividers. The name of the firm shall be placed on the front cover. Completed responses to this RFP including all attachments must be mailed to:

Ms. Laura Rider
CITY OF LADUE
9345 Clayton Road
Ladue, Missouri 63124

Copies to CITY shall be sealed in a box or envelope, which shall be clearly marked "**INVESTMENT MANAGER**". All proposals will be logged as to the date and time of delivery.

No proposal will be accepted after the deadline.

C. Electronic Copy

Submit an electronic copy of the firm's proposal via email to lrider@cityofladue-mo.gov by the submission deadline. Receipt of the electronic version will not be used in determining compliance with the proposal's due date. Failure to clearly identify the outside of the proposal package may result in a delay in the City receiving the proposal. The City is not responsible for the delayed receipt of any proposal that is improperly labeled.

D. Other submission criteria

1. Forms provided in this RFP must be complete. If a question does not apply to you, please indicate "**not applicable**" and then briefly state the reason why the question does not apply to your firm. Completeness, clarity and brevity are stressed in the RFP proposal. Proposers are urged to be concise and accurate in the preparation of responses and to carefully proofread the final copies.
2. Proposals must be signed by an individual with the authority to bind the Proposer organization and the authority of the individual signing must be stated thereon (see "Minimum Qualifications Certification" form).

3. All information requested in this RFP must be submitted in the format as specified in this RFP. Responses not meeting format requirements or that are incomplete in any way may be rejected.
4. Within each section of the proposal, the Proposer should address the items in the RFP in the order in which they appear in the RFP.
5. Proposers may attach other materials that they feel may improve the quality of their responses.

E. Inquiries

Questions regarding this RFP should be directed to Laura Rider, Assistant to the Mayor/City Clerk at lrider@cityofladue-mo.gov.

VI. ORGANIZATIONAL OVERVIEW

1. Provide an overview of your company, highlighting its experience in providing services included in this proposal. Please describe:
 - Firm size and geographic presence
 - Number of investment professionals and key employees
 - Ownership structure, including any changes in the last five years
 - Affiliations with other companies
 - Number of clients and average size of client assets under management
2. Describe your firm's strengths, highlighting the aspects of your service that make you unique from your competition. Which investment consulting services are the firm's specialties or areas of greatest expertise?
3. How do you select benchmarks for clients?
4. How has your firm performed against these benchmarks over the last five years?
 - What contributed to or detracted from performance?
5. Please provide a bio of the team members assigned to our account highlighting each persons' responsibilities as it relates to the "scope of services" above.
6. What will be your fiduciary responsibilities?
7. Please detail any foreseeable structural changes in your company that would affect the make-up of the management team.

VII. CONSULTING ON INVESTMENT POLICY, STRATEGY AND PROGRAM DESIGN

8. Describe your investment philosophy and overall approach to consulting.
9. How do you measure the success of an investment program? What are the key determinants?
10. Describe your firm's process for developing investment policies. Provide an outline of the issues that would be covered in a typical policy statement.
11. Describe how you conduct asset allocation studies - please include a sample.
12. Describe key considerations in translating an asset allocation strategy into a series of investments with particular investment managers.
13. In what situations would you recommend passive management and why?

VIII. INITIAL INVESTMENT: MANAGER RESEARCH AND SELECTION

14. How many people are dedicated to research?
15. Describe your firm's process for identifying and evaluating investment managers.
16. What is your competitive advantage in manager selection?
17. Describe your process for selecting and combining investment managers to meet an investment objective.
18. Describe your firm's ongoing manager due diligence and key issues you examine.
19. How many onsite investment manager visits does your firm conduct annually?
20. Describe your process for developing investment guidelines for each manager.
21. Please describe the firm's capabilities and services with respect to alternative assets and real estate. What research and consulting work has the firm conducted for clients in these areas?

IX. ONGOING MANAGEMENT AND PERFORMANCE MEASUREMENT

22. Describe your process for monitoring investment managers employed by your clients.

- 23. How often do you recommend rebalancing and under what parameters?
- 24. Describe your overall philosophy of manager turnover. What causes you to recommend terminating or changing an investment manager? What is the process for replacement?
- 25. Please provide manager turnover statistics - average per client per year for various asset classes.
- 26. Please describe your standard performance measurement reports, including types of analysis. Please provide a sample.

X. SUB-ADVISORY SERVICES (IF APPLICABLE)

- 27. Does your firm anticipate serving as sub-advisor on certain classes of assets? If so, describe these classes and how the process for selecting and monitoring your firm as sub-advisor differs from the process for third-party sub-advisors.
- 28. For each such asset class, provide performance data compared to benchmarks for 1, 3, 5 and 10 years. Describe the principal sources of outperformance / underperformance during these periods.
- 29. For each such asset class, provide a historical comparison of risk and volatility versus the appropriate benchmark.
- 30. For each such asset class, describe your investment philosophy, strategy, diversification policy, and selection process. How has your approach changed over the past five years?
- 31. For each such asset class, please provide average portfolio turnover, gross client additions & subtractions (dollars & numbers) and AUM for each of the past five years.
- 32. For each such asset class, please provide biographical information for the senior manager(s). Have there been any major changes in your sub-advisor management team over the past 5 years?

XI. POTENTIAL CONFLICTS OF INTEREST / LEGAL

- 33. How does the firm prevent conflicts of interest?
- 34. Does your firm provide, or have any affiliation with investment managers or brokerage firms? If so, please describe.

- 35. Is it your practice to serve as a sub-advisor on certain classes of assets? If so, how do you maintain objectivity?
- 36. Does your firm or affiliates provide or sell services or products to investment managers? Does your firm or affiliates receive any fees, commissions, finders' fees or rebates from these entities, either in hard dollars or soft dollars?
- 37. Do managers you hire direct trades to your organization? Do you purchase securities from your own inventory? Do you receive fees from the managers you select including any fees within funds?
- 38. Describe any material litigation in the past three years with your clients.

XII. REPORTING /CUSTODY

- 39. Describe in detail your performance evaluation system and the philosophy behind it. Is your system proprietary or did you obtain it from an outside source? Please provide a sample report.
- 40. What are your capabilities for providing risk analytics and performance attribution?
- 41. What is your reporting frequency and timing (e.g. how many days past monthly close?)
- 42. Describe whether your firm provides custody services and/or your proposed custodial arrangements for the Plans' assets.

XIII. PRICING

- 43. Please provide indicative pricing and describe services included in your quote. How do you determine your fees?
- 44. Do clients pay a "wrap-fee" or fee plus commission? Are clients required to place transactions with specific brokers?
- 45. Do you have any soft dollar arrangements? If so, please describe.
- 46. Detail complete fee structure for other foreseeable transactions.
- 47. What other costs or expenses might we incur with your firm?

XIV. REFERENCES

48. Please provide a representative list of your investment consulting clients. Include clients similar to the Plans and the size of their portfolios on which you provide consulting services.
49. Provide references from four clients, with contact name and phone numbers. Please provide asset value of the account. At least two of the references should be for the consultant that will be assigned to our account.

CITY OF LADUE
INSURANCE REQUIREMENTS FOR CONTRACTORS AND VENDORS

Selected Firms must maintain the following basic insurance under any agreement resulting from this Request for Proposal. A valid Certificate of Insurance utilizing the current ACCORD 25 form must be provided to the City before any goods or services can be provided. The City reserves the right to reject any insurance proposed by the Selected Firm. Preference will be given to insurance written on an “occurrence” basis; however, if any Selected Firm or subcontractor can obtain liability insurance only on a “claims made” basis, that entity must provide the City with evidence that the current claims made policy is renewed on expiration with the same carrier or provide the City with evidence of purchase of an extended discovery period (tail) of at least one year or a new policy with a different carrier with a retroactive date concurrent with the retroactive date of the present policy. Depending on the nature of the work to be performed or services provided, the City may require an extended discovery period of up to five years.

Commercial General Liability

The Selected Firm and all subcontractors must maintain a minimum combined single limit of liability for bodily injury and property damage of \$1,000,000 per occurrence, with coverage for premises/operations, products/completed operations, personal injury, and contractual liability, and an aggregate liability limit of \$2,000,000. This coverage must be primary and non-contributory. Liability policies must use standard industry ISO forms. Copies of any endorsements that restrict or exclude coverage must be provided with the Request for Proposal.

Automobile Liability Insurance

The Selected Firm and all subcontractors must maintain a minimum combined single limit of liability for bodily injury and property damage of \$1,000,000 per occurrence, including coverage for all owned, hired, and non-owned vehicles.

Worker’s Compensation

The Selected Firm and all subcontractors must maintain worker’s compensation coverage in accordance with the Missouri Worker’s Compensation Act and Employers Liability with limits not less than \$1,000,000/\$1,000,000/\$1,000,000.

Commercial Umbrella/Excess Liability

The Selected Firm and all subcontractors must maintain coverage with a limit of at least \$1,000,000.

Professional Liability

All professional service providers (e.g. attorneys, architects, accountants, engineers, physicians, consultants, etc.) must maintain a minimum combined single limit of liability of \$1,000,000 per occurrence and an aggregate liability limit of \$2,000,000.

The above coverages must be underwritten by insurance companies that have at least an A- Financial Strength Rating and a class VII Financial Size Category with A.M.

Best Company, Inc. The following must be added as an additional insured on all liability insurance: **City of Ladue, its officers, employees and agents.** A copy of this endorsement must be provided to the City.

All contracts awarded by the City will include an indemnification provision in favor of the City. All insurance policies issues hereunder shall include a “waiver of subrogation” clause in favor of the City, to the greatest extent allowed by law.

All policies must provide 30 days’ written notice of cancellation or non-renewal to the City Clerk. The Selected Firm must notify the City Clerk of any change, non-renewal or termination of any coverage. Certificates are to be provided to the City Clerk.

Any changes in the above-noted coverages will be noted in the Request for Proposal. The City of Ladue reserves the right to increase, reduce or waive these insurance requirements depending upon the nature of the work to be performed, the service rendered, or the product provided.